

Message Text

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ACTION OES-06

INFO OCT-01 EUR-12 ISO-00 ABF-01 L-03 TRSE-00 AGR-05 HEW-04

NSF-01 EPA-01 ERDA-05 NRC-05 OMB-01 INT-05 PM-04

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R 150913Z SEP 76

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 3908

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PASS WILLIAM A. ROOT/OES

E.O. 11652: N/A

TAGS: OSCI PL

SUBJ: U.S.-POLISH JOINT FUND

REF: STATE 219964

1. WE HAVE TRANSMITTED ROOT'S LETTER TO ZAWADZKI AS REQUESTED IN REF.

2. IF THE DEPARTMENT DECIDES TO SEND SOMEONE IN SEPTEMBER OR EARLY OCTOBER TO TRY TO RESOLVE THE DIFFERENCES BETWEEN THE U.S. AND POLISH POSITIONS ON INTERNATIONAL TRAVEL, THE FOLLOWING INFORMATION MAY BE USEFUL AS BACKGROUND.

3. JOINT BOARD CO-CHAIRMAN PAWLISZEWSKI CALLED AN INFORMAL MEETING WITH THE SCIENCE OFFICER ON SEPTEMBER 8 TO DISCUSS THE JOINT FUND. ALSO PRESENT WAS BOARD MEMBER FRANCISZEK WALICKI.

4. PAWLISZEWSKI EXPRESSED CONCERN OVER THE RATE AT WHICH U.S. CONTRIBUTIONS ARE BEING DEPOSITED INTO THE JOINT FUND. HE TERMED THE CURRENT RATE "SLOW" AND PREDICTED THAT IF IT CONTINUES AT THIS PACE THE U.S. MAY NOT BE ABLE TO LIVE UP TO THE FINANCIAL OBLIGATIONS STATED IN PARAGRAPH VII OF THE APRIL 2, 1976,

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DECISION DOCUMENT.

5. PAWLISZEWSKI SAID THAT AS OF AUGUST 15 THE TOTAL U.S. DEPOSITS WERE APPROXIMATELY 1/3 OF THE AMOUNT PROJECTED. (FYI: EMBASSY RECORDS SHOW THIS TO BE BASICALLY CORRECT. ON AUGUST 15 APPROXIMATELY 197 MILLION ZLOTYS HAD BEEN CONTRIBUTED BY THE U.S. SIDE. END FYI) HE SINGLED OUT AGRICULTURE, HEALTH, AND ENVIRONMENTAL PROTECTION AS AREAS WHERE U.S. DEPOSITS BADLY LAG BEHIND THE PROJECTED ALLOCATIONS, AND USDA, DHEW, NSF, AND EPA AS AGENCIES WITH THE POOREST RECORD. (FYI: THE RATIOS OF CURRENT (AUGUST 15) DEPOSITS AND REVISED U.S. ALLOCATIONS BY A PARTICIPATING AGENCY ARE AS FOLLOWS: USDA - 71.5/107.5; DHEW - 53.3/133.4; NSF - 24/59.8; EPA - 44.4/66.1 - END FYI)

6. WALICKI AND PAWLISZEWSKI SAID THAT IN LIGHT OF THE ABOVE THE MERITS OF THE POLISH LUMP-SUM METHOD OF CONTRIBUTING FUNDS TO THE JOINT FUND WERE SELF-EVIDENT WHEREAS THE U.S. BY AGENCY METHOD WAS CAUSING ANXIETY ALL AROUND, ESPECIALLY IN VIEW OF THE RAPIDLY APPROACHING DECEMBER 31 DEADLINE.

7. WALICKI RE-EMPHASIZED THE STATEMENT MADE TO ROOT IN WARSAW LAST JUNE THAT THE DECISION OF THE JOINT BOARD STATED IN PARAGRAPH X OF THE APRIL 2, 1976, DECISION DOCUMENT TO ACCELERATE THE PROPOSAL SUBMISSION PROCESS WAS BEING FAITHFULLY IMPLEMENTED BY ALL THE MINISTRIES CONCERNED WITH U.S.- POLISH COOPERATIVE RESEARCH. (FYI: BETWEEN APRIL 1 AND SEPTEMBER 1, APPROXIMATELY 115 PROPOSALS WERE SUBMITTED FROM THE POLISH SIDE FOR FUNDING THROUGH THE JOINT FUND. FROM AMONG THESE, APPROXIMATELY 30 WERE CONVERTED INTO PROJECTS. END FYI) IN CITING THIS, WALICKI ATTEMPTED TO ABSOLVE THE MINISTRY OF SCIENCE FROM ANY POSSIBLE CHARGE OF LACK OF INTEREST OR BUREAUCRATIC FOOTDRAGGING. IN ADDITION TO THIS HE SAID THAT THOSE CONCERNED WITH FORMULATING THE NEXT POLISH NATIONAL BUDGET HAD A GENUINE NEED TO KNOW THE MAGNITUDE OF FUNDS THAT MUST BE EARMARKED FOR DEPOSITION INTO THE JOINT FUND DURING 1977 IN THE EVENT THE U.S. SIDE FOR SOME REASON DEFAULTS ON THE DEPOSITION OF ITS TOTAL CONTRIBUTION BY DECEMBER 31, 1976.

8. PAWLISZEWSKI SAID HE PURPOSELY EXCLUDED ERDA AND BOM FROM THE LIST OF "OFFENDING" AGENCIES IN VIEW OF FAVORABLE DEVELOPMENTS IN THE U.S.-POLISH COOPERATION IN COAL RESEARCH (STATE 204802).
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HE ADDED THAT THE IMMINENT SIGNING OF CONTRACTS WITH ERDA ON COAL LIQUEFICATION AND MHD WOULD INCREASE THE TOTAL U.S. CONTRIBUTION TO THE JOINT FUND BY APPROXIMATELY 122 MILLION ZLOTYS. THIS WOULD CONSIDERABLY IMPROVE THE OVER-ALL U.S. DEPOSIT PICTURE AND INJECT SOME OPTIMISM INTO THE REMAINING MONTHS. PAWLISZEWSKI ALSO EXPRESSED HOPE THAT DURING HIS CURRENT TRIP TO POLAND BOM'S YANCIK WILL BE IN A POSITION TO FULLY NEGOTIATE AND SIGN CONTRACTS IN THE AREA OF MINING TECHNOLOGY

AND THUS CONTRIBUTE AN ADDITIONAL 24 MILLION ZLOTYS ON THE U.S. SIDE. (FYI: YANCIK DID NOT SEE WARSAW 6553. END FYI)

9. PAWLISZEWSKI ALSO NOTED THAT HE WOULD LIKE TO SEE THE ERDA AND BOM CONTRACTS SIGNED PRIOR TO THE SEPTEMBER 30 DEPARTURE OF MINISTER KULPINSKI TO THE U.S. HE IMPLIED THAT THIS WOULD ADD A CONSIDERABLE AMOUNT OF WEIGHT TO KULPINSKI'S VISIT WHILE TAKING A SIMILAR BURDEN OFF HIS SHOULDERS.

10. PAWLISZEWSKI AND WALICKI DECLINED TO DISCUSS THE INTERNATIONAL TRAVEL AND SUPPORT COSTS ISSUES ON THE GROUNDS THAT THESE (1) DO NOT DIRECTLY AFFECT U.S. CONTRIBUTIONS INTO THE JOINT FUND AND (2) ARE THE DOMAIN OF THE MINISTRY OF FINANCE. HOWEVER, PAWLISZEWSKI WAS CONCERNED OVER THE LACK OF A U.S. REPLY ON TRAVEL, AND THE SCIATT EXPRESSED SIMILAR CONCERN OVER A LACK OF POLISH REPLY ON SUPPORT COSTS PROMISED BY SEPTEMBER 3. (FYI: ROOT'S CABLED LETTER TO ZAWADZKI ON THE TRAVEL ISSUE WAS IN TYPING AT THE TIME OF THE MEETING WITH PAWLISZEWSKI, AND THE SCIATT DID NOT COMMUNICATE THE CONTENTS TO PAWLISZEWSKI. END FYI).

11. TOUCHING ON BROADER ISSUES, PAWLISZEWSKI EXPRESSED HOPE THAT BOTH SIDES WERE GIVING SOME THOUGHTS TO COOPERATIVE RESEARCH ACTIVITY BEYOND THE CURRENT LIFETIME OF THE JOINT FUND.

12. THE SCIATT ASSURED PAWLISZEWSKI AND WALICKI THAT THE U.S. WAS DOING ITS BEST TO CONTRIBUTE THE TOTAL AMOUNT PROJECTED.

13. COMMENT: PAWLISZEWSKI'S COMMENTS OVER THE RATE OF U.S. PAYMENTS INTO THE FUND REFLECTS A GENUINE POLISH CONCERN THAT U.S. DEPOSITS ARE COMING IN AT A DANGEROUSLY SLOW RATE. THIS IS A MATTER WE ARE UNABLE TO JUDGE FROM WARSAW. HOWEVER, IF THIS WORRY HAS ANY MERIT, WE WOULD APPRECIATE IT IF U.S. JOINT BOARD CO-CHAIRMAN ROOT WOULD SEND PAWLISZEWSKI A LETTER WITH LIMITED OFFICIAL USE

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SOME REASSURANCES OF THE U.S. INTENTION TO CONTRIBUTE THE FULL AMOUNT. END COMMENT.
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INFO OCT-01 EUR-12 ISO-00 ABF-01 L-03 TRSE-00 AGR-05 HEW-04

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14. IN THE MEANTIME, THE DEPARTMENT SHOULD BE AWARE OF THE ACUTE FINANCIAL SITUATION THAT IS GRADUALLY BUT PROFOUNDLY EFFECTING THE R&D FUNDING IN SCIENCE AND TECHNOLOGY IN POLAND. THE MINISTRY OF SCIENCE, HIGHER EDUCATION, AND TECHNOLOGY IS PRINCIPALLY RESPONSIBLE FOR DETERMINING THE RATE OF PROGRESS OF R&D ACTIVITY ACROSS THE BOARD. DURING THE LAST THREE MONTHS THE MINISTRY HAS DETERMINED TO CUT DOWN ON DISCRETIONARY RESEARCH ACTIVITIES IN THE VARIOUS INSTITUTIONS. THIS TYPE OF ACTIVITY, SO-CALLED "PRACE ZLECONE" (COMMISSIONED WORK) WAS CHARACTERIZED BY ATTRACTIVE FINANCIAL REWARDS AND WAS LARGELY RESPONSIBLE FOR THE PRACTICAL DEVELOPMENT AND PRODUCTION OF CERTAIN EQUIPMENT BY THE VARIOUS INSTITUTIONS. BY CONTRAST, REGULAR ACTIVITY WAS GENERALLY LOOSELY PROGRAMMED AND POORLY PAID. THE PROCEEDS FROM THE SALE OF EQUIPMENT PRODUCED ON THE COMMISSION BASIS WERE IN TURN FINANCING FURTHER R&D COSTS.

15. THE DRASTIC CURTAILMENT OF COMMISSIONED WORKS DEALT A SERIOUS BLOW TO THE INCOME OF INDIVIDUAL RESEARCHERS AND INSTITUTIONS. THE RECENT FLURRY OF POLISH PROPOSALS FROM A NUMBER OF INSTITUTIONS HERETOFORE RELATIVELY INACTIVE CLEARLY HERALDS THE FINANCIAL PINCH ON THE POLISH SCENE. THE LIMITED OFFICIAL USE

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SCRAMBLE FOR U.S. FUNDING DOES NOT APPEAR TO BE EXCLUSIVELY FUELED BY THE POLISH INTENT TO FULFILL OBLIGATIONS AS SPECIFIED IN PARAGRAPH X OF THE APRIL 2, 1976, DECISION DOCUMENT, BUT COULD WELL BE A PARTIAL REACTION TO THE LOCAL PROBLEM OF TIGHTER RESEARCH MONEY. PAWLISZEWSKI'S COMMENT MAY BE AIMED AT

GAINING U.S. SUPPORT FOR THE AILING
POLISH RESEARCH COMMUNITY. AN INFUSION OF SOME
400 MILLION ZLOTYS (THE BALANCE OF THE TOTAL U.S.
CONTRIBUTION) INTO THE POLISH SCIENTIFIC ECONOMY AT THIS TIME
WOULD BE MOST WELCOME.

16. FINALLY, IT HAS COME TO SCIATT'S ATTENTION THAT A NUMBER
OF POLISH INSTITUTIONS INVOLVED IN COOPERATIVE
RESEARCH MAY BE USING THE JOINT FUND'S MONEY FOR
PROJECTS OTHER THAN THOSE AUTHORIZED BY THE
JOINT FUND. THE SUDDEN SHORTAGE OF INSTITUTIONAL
FUNDS HAS CREATED A CLIMATE THAT IS CLEARLY
CONDUCTIVE TO UNAUTHORIZED USE OF FUNDS INTENDED
FOR THE SUPPORT OF SPECIFIC RESEARCH. WHILE IT WOULD
BE DIFFICULT TO DOCUMENT THIS, WE FEEL SOME METHODS
FOR THE CONTROL OF THE JOINT FUND MONEY AT THE LOCAL
LEVEL SHOULD BE DEVELOPED.
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